PROVINCE OF SASKATCHEWAN

09-10

ANNUAL REPORT

GLOBAL TRANSPORTATION HUB AUTHORITY

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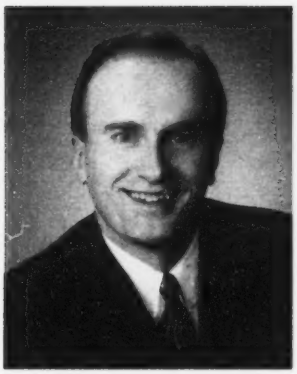
Letter of Transmittal



His Honour, The Honourable Dr. Gordon L. Barnhart

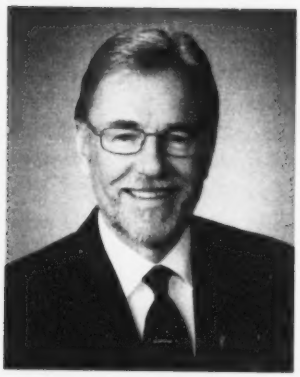
Lieutenant Governor, Province of Saskatchewan

May it please your Honour:

I respectfully submit the Annual Report of the Global Transportation Hub Authority for the fiscal year ending March 31, 2010. This report details the introduction and establishment of the Global Transportation Hub Authority and its initial successes within the 2009-10 fiscal year. This report also highlights the Global Transportation Hub Authority's activities to ensure alignment with Government direction and commitment to increased accountability along with responsibly managing expenditures.

Honourable Jim Reiter
Minister of Highways and Infrastructure

Message from the Chair



The Global Transportation Hub (GTH) is a significant economic initiative that will:

- Enhance Saskatchewan's role on the Asia-Pacific trade corridor and more broadly in the Western Canadian transportation network;
- Add jobs and attract logistics-based investment for Saskatchewan economic development;
- Serve as a single point of contact for outside investors and internal service coordination and delivery; and,
- Support private sector partners with customized service to enhance their value propositions and sustainability.

During the 2009-10 fiscal year, the Global Transportation Hub transitioned from within the Ministry of Highways and Infrastructure when it was being managed as a discreet project to an independent Special Operating Agency called the Global Transportation Hub Authority (Authority).

The Global Transportation Hub Authority is governed by a competency-based Board of Directors, for which I am delighted to serve as Chair. The Board of Directors held its inaugural meeting in February 2010, and is actively involved in the strategic development and governance of the Global Transportation Hub.

The Global Transportation Hub Authority's lean organizational model creates an effective investment environment for business. Progress by the Authority in 2009-10 is based upon a collaborative business model which relies on the ability to integrate and coordinate the work of ministries, crown corporations, municipal partners and the private sector companies.

The Global Transportation Hub Authority has positioned itself well to be successful in the 2010-11 fiscal year and will work hard to ensure that the organization provides strong and sustainable economic growth for the province.

I have reviewed and accept responsibility for this report and offer assurance for the accuracy and reliability of the information contained in it.

D. Wayne Elhard
Chair, Global Transportation Hub Authority

Message from the CEO

The Global Transportation Hub Authority is the lead agency responsible for planning, developing, constructing and promoting the Global Transportation Hub. Our mission is to create an investment environment that is above all responsive, well-planned, secure, efficient and coordinated. The Global Transportation Hub Authority has worked hard to create a lean operating structure that is efficient and supports the needs of partners and co-locators.

In partnership with the Ministry of Highways and Infrastructure and as part of the transition, the key accomplishments for 2009-10 include:

- The assembly of land for the GTH footprint which is critical for sound planning and public safety and to allow the Authority to be ready to do business in a timely manner with interested investors.
- Finalization of agreements with the GTH's first two core investors – a national railway and a major distribution centre serving western Canada.
- Attracting a competency-based Board of Directors of nationally recognized business leaders with industry expertise.
- A management plan to transition from the Ministry to an independent Special Operating Agency while ensuring the ongoing delivery of services.
- Development of a preliminary Business Plan.
- Development of the initial Land Use and Site Planning for the GTH footprint.
- Staffing and establishment of a new independent agency and office for the Authority.
- Coordination and facilitation of critical public infrastructure.

The Global Transportation Hub Authority will continue to develop as an organization, which focuses on collaboration with key partners and co-locators. It will focus on serving as a significant economic and social development initiative for the Province of Saskatchewan.

John Law
Chief Executive Officer, Global Transportation Hub Authority

Introduction

This Annual Report represents the Global Transportation Hub Authority's activities and results for the fiscal year ending March 31, 2010. The Authority has chosen to provide preliminary information on the transition year to communicate its purpose and key accomplishments. As the Authority was established part way through the 2009-10 fiscal year, next year's 2010-11 Annual Report will be the first annual report based upon a full year of operations as an independent agency.

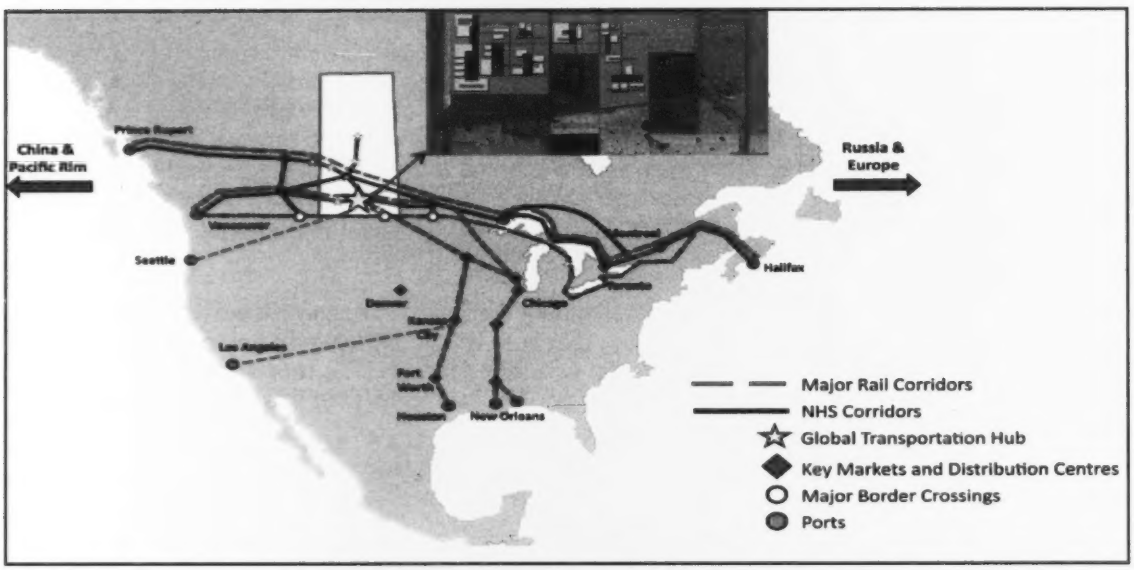
The Global Transportation Hub project started as an initiative managed within the Ministry of Highways and Infrastructure, reporting to the Deputy Minister and collaborating with several other stakeholder organizations. On June 24, 2009, the Authority was established as a Special Operating Agency with a more defined mandate to lead the development of the GTH. The Authority continued to be managed within the Ministry during this period, with the Deputy Minister taking on the role of Acting Chief Executive Officer of the Authority. A secretariat group was established with Ministry staff and contracted resources to provide support and capacity during the transition. Over the next few months a plan was implemented to transition responsibility for the GTH to a separate agency. As a result, the Authority has been operating as an independent agency since January 1, 2010. Consequently, the Authority was managed within the Ministry for the majority of the 2009-10 reporting year.

The 2009-10 Annual Report provides a preliminary summary of accomplishments during the Authority's transition year, covering both that time within the Ministry and the period since the Authority has been an independent operating agency. The report will outline the purpose of the Authority and highlight the key accomplishments over this year of transition and start-up operations.

Global Transportation Hub Authority Overview

The Global Transportation Hub is a transportation and logistics development that:

- increases Saskatchewan's intermodal capacity;
- improves supply chain access and efficiency; and,
- advances economic development and business opportunities in the province as part of a globally integrated marketplace.



The GTH will support provincial economic development by providing enhanced and more efficient access to global supply chains for Saskatchewan exporters as well as attracting new outside investment to the Province.

In support of the provincial government's vision, the GTH aligns with the Government's goal of sustainable economic growth for the benefit of Saskatchewan. The GTH supports the Province's economic development agenda by promoting efficient transportation links between Saskatchewan business and regional, national and international markets.

The Global Transportation Hub Authority was created by an Order-in-Council in June 2009 as a Special Operating Agency to lead and be the single point of contact for the development of a Global Transportation Hub. The Authority has the mandate to advise, plan, develop, construct, operate, manage and promote Saskatchewan's GTH in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated and orderly; and,
- is consistent with the social and economic development of the province.

Since operating as an independent agency outside the Ministry of Highways and Infrastructure, the Authority has concentrated its efforts in support of its mandate of building a transportation and logistics hub that:

- establishes and enhances Saskatchewan's role on the Asia-Pacific Trade Corridor and more broadly in the Western Canadian network;
- adds jobs and attracts logistics-based investment for Saskatchewan economic development;
- serves as a single point of contact for outside investors and internal service coordination and delivery; and,
- supports private sector partners with customized service to enhance their value propositions and sustainability.

The Authority is governed by a competency-based, seven-member Board of Directors made up of nationally recognized business leaders. The Board will provide ongoing strategic advice on the Authority's strategic direction, business plan and project development. The members of the Board of Directors include:

Mr. D. Wayne Elhard, Chair – Mr. Elhard is a member of the Standing Committee on Intergovernmental Affairs and Justice and the caucus' Standing Policy Committee on Intergovernmental Affairs and Justice. Mr. Elhard was appointed by the Premier as the Chairman of the Global Transportation Hub Authority.

Captain Gordon Houston, Vice-Chair – Captain Houston is the recent President and CEO of Port Metro Vancouver, the biggest port operation in Canada. Captain Houston has extensive experience on port and supply chain logistics in Canada and worked extensively with Saskatchewan exporters during his tenure at the Port of Vancouver.

Mr. Ron Dedman – Mr. Dedman, is the Deputy Minister of Government Services. He is responsible for the realty development function in Government. He also has a business and engineering background as well as senior level government contacts.

Mr. Lionel LaBelle – Mr. LaBelle is currently the CEO of Saskatchewan Trade and Export Partnership (STEP). He champions the province's export industry and assists provincial businesses in realizing global marketing opportunities while finding custom solutions for Saskatchewan exporters.

Mr. Louis Ranger – Mr. Ranger brings an outstanding reputation in Canadian and global transportation issues from his role as the Government of Canada's Deputy Minister of Transportation and Infrastructure over the better part of the last decade. Mr. Ranger also brings an extensive network of contacts and relationships having represented Canada on transportation-related issues internationally.

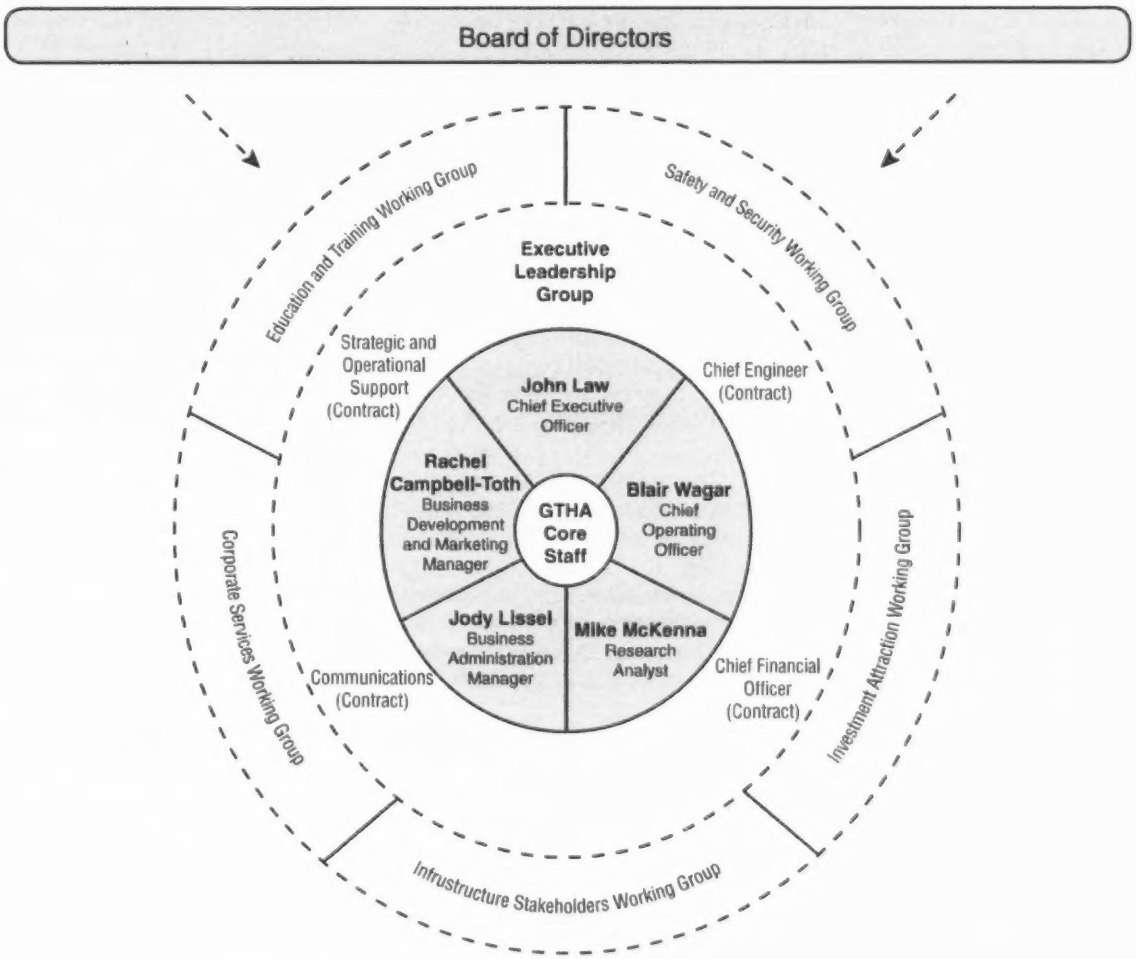
Mr. Mayo Schmidt – Mr. Schmidt is the CEO of Saskatchewan based Viterra, Canada's largest agribusiness a major shipper and exporter with extensive operations around the world. Mr. Schmidt's business acumen recently earned him recognition as Canada's Chief Executive Officer of the Year by *Canadian Business Magazine*.

Ms. Marcella Szel Q.C. – Ms. Szel, is a former Senior Vice-President with CPR and has diverse expertise and knowledge of railway logistics and transportation. She is also the former Chair of the Western Transportation Advisory Council (WESTAC) and has served on a number of national boards and committees.

The Authority has adopted a lean organizational model based on collaboration. This model leverages expertise from partner organizations, contracted resources and the private sector for support in accomplishing the Authority's objectives.

The Authority's core staff are supported by working groups that integrate important stakeholders and subject-matter experts.

Figure One – Global Transportation Hub Authority Organizational Model



Key Accomplishments in 2009-10

In 2009-10, the Global Transportation Hub Authority created significant momentum in its transition and start-up year. Some of these accomplishments were achieved while being managed within the Ministry of Highways and Infrastructure; others, since the Authority began operating independently in January 2010. Early accomplishments include:

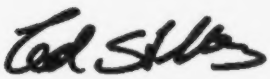
- In partnership with the Ministry of Highways and Infrastructure, land was assembled for the GTH footprint. This land which is held by the Ministry of Highways and Infrastructure is crucial to build momentum for planning, zoning and business development.
- Finalization of agreements with the GTH's first two core investors – a national railway and a major distribution centre serving western Canada. Completion of these agreements were fundamental to the development and future success of the GTH.
- Establishment of a seven member, competency-based Board of Directors that are nationally recognized business leaders with industry expertise. As well as holding the inaugural meeting of the Board in February 2010.
- Development of the initial Land Use and Site Planning for the GTH footprint. The site plan facilitates effective infrastructure planning, which is important when considering the varying needs of the diverse client base. Key focuses of the site plan include placement, organization, usage compatibility and market opportunities. The development of the site plan will evolve as the Authority strives to maximize the use of the land and create synergies with current and future investors.
- Development of a preliminary business model and business development approach.
- Coordination and facilitation of critical infrastructure including surrounding roads and servicing work.
- Staffing and establishment of a new independent agency and office for the Authority. The organizational model includes leveraging core staff, contracted resources and working committees with outside organizations to support the GTH objectives.

Global Transportation Hub Authority
Report of Management
For the Nine Months Ending March 31, 2010

The accompanying financial statements are the responsibility of the management of Global Transportation Hub Authority. They have been prepared in accordance with generally accepted accounting principles for the public sector, using management's best estimates and judgments, where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Office of the Provincial Auditor has audited the Authority's financial statements in accordance with generally accepted auditing standards.

John Law
Chief Executive Officer, Global Transportation Hub Authority
June 30, 2010



Ted Stobbs
Chief Financial Officer, Global Transportation Hub Authority
June 30, 2010

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Global Transportation Hub Authority as at March 31, 2010 and the statements of operations and accumulated surplus and cash flows for the period then ended. The Global Transportation Hub Authority's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Global Transportation Hub Authority as at March 31, 2010 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 30, 2010

Brian Atkinson, FCA
Acting Provincial Auditor

2009-10 Financial Statements

Statement of Financial Position

As at March 31, 2010
(thousands of dollars)

	2010 Actual
Financial Assets	
Cash	$ 5,840
Liabilities	
Accounts Payable	285
Net Financial Assets	5,555
Non-Financial Assets	
Leasehold Improvements	31
Accumulated Surplus (Statement 2)	**$ 5,586**

(See accompanying notes to the financial statements)

Statement of Operations and Accumulated Surplus

For the Nine Months Ending March 31, 2010
(thousands of dollars)

	2010 Budget	2010 Actual
Revenue		
Land Development Fees (Note 7)	$ –	$5,525
Transfers from General Revenue Fund (Note 4)	700	700
	700	6,225
Expenses		
Land Development Costs	–	148
Professional Services	350	287
Operating Expenses	350	204
	700	639
Surplus	–	5,586
Accumulated Surplus, end of nine month period (Statement 1)	**$ –**	**$ 5,586**

(See accompanying notes to the financial statements)

Statement of Cash Flows

For the Nine Months Ending March 31, 2010
(thousands of dollars)

	2010 Actual
Cash Provided by Operating Activities:	
Cash Receipts From Land Development Fee	$ 5,525
Cash Receipts From General Revenue Fund	700
Cash Paid For Professional Services	(252)
Cash Paid For Operating Expenses	(133)
Cash Provided by Operating Activities	**$ 5,840**
Cash, beginning of period	–
Cash, end of period	**$ 5,840**

(See accompanying notes to the financial statements)

Notes to the Financial Statements

As at March 31, 2010

1. Status of Global Transportation Hub Authority

The Global Transportation Hub Authority (GTHA) was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian generally accepted accounting principles appropriate for the public sector. These financial statements do not present a Statement of Change in Net Assets because this information is readily apparent from the Statement of Operations and Accumulated Surplus.

The following policies are considered significant:

a) Revenue

Revenue is recognized in the period in which the transactions or events occurred that give rise to the revenue.

b) Expenses

Expenses represent the cost of resources consumed during the year.

c) Tangible Capital Assets

Leasehold improvements over $ 20,000 are amortized over the lease period.

d) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Operations and Accumulated Surplus in the period in which they become known.

3. Budget Approval

GTHA's budget was approved by the Chairman of the Board on October 13, 2009.

Notes to the Financial Statements

As at March 31, 2010

4. Related Parties

These financial statements include routine transactions with related parties. GTHA is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan.

The Ministry of Highways and Infrastructure provided management, administrative and information technology services to GTHA starting January 1, 2010 under a Service Level Agreement.

Related party transactions to March 31, 2010 include the following:

Related Parties	(thousands of dollars)
Expense	
Ministry of Highways and Infrastructure	77
Ministry of Finance	9
Ministry of Government Services	37
SaskPower	148
SaskTel	11
Total	**282**
Revenue	
Ministry of Highways and Infrastructure	700

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, GTHA pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases.

5. Financial Instruments

GTHA financial instruments include cash and Accounts Payable. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest or credit risk.

6. Contractual Obligations

Contractual obligations include:

GTHA has a lease agreement with the Ministry of Government Services, a related party, for office space and parking ($100 thousand for 2010-11 and $74 thousand for 2011-12.) GTHA has operating agreements that enable day-to-day operations of the corporation.

Contractual obligations do not include those contracts which are paid on a usage basis.

7. Land Development Fees

The GTHA received this fee pursuant to an agreement with an external party.

Expense Disclosure

For the nine months ending March 31, 2010.

Employees receiving payments totalling $50,000 or more for salaries or wages:

- For the nine months ending March 31, 2010, no payments totalling $50,000 or more were made to employees.

Suppliers/consultants receiving payments totalling $50,000 or more for goods and/or services:

	2010
McNair Business Development Inc.	$ 225,290
SaskPower Corporation	$ 148,000
Stantec Consulting Ltd.	$ 54,206

For More Information

If you have any additional questions or comments or would like a copy of the report, we invite you to contact:

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E: inquiry@gtha.sk.ca

Or visit our website at **www.gtha.ca**